GOLD AND THE PRICE LEVEL

A Memorandum

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Economic Consequences of Changes in the Value of Gold.

By

Sir HENRY STRAKOSCH, G.B.E.

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THE RETURN TO THE GOLD STANDARD.

When the International Economic Conference, which was held at Genoa in the spring of 1922, enjoined countries that had abandoned the Gold Standard to revert to it, it did so not because it regarded gold as a measure of value which could be relied upon to remain stable in all circumstances, but because it considered the obligation to exchange national currencies for fixed weights of gold (or their equivalents in money of other Gold Standard countries) as the most efficacious means of limiting the monetary circulations to the legitimate needs of exchange, and because it regarded stability of the exchanges—which this convertibility assures—as indispensable for the restoration and development of international trade, upon which the prosperity of the world largely depends. The Conference clearly perceived that, if left to the free play of supply and demand, the value of gold was in danger of being subjected to wide fluctuations. It was to obviate this that led the Conference to recommend the co-ordination of the "demand for gold" . . . "to avoid those wide fluctuations in the purchasing power of gold, which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves." It envisaged close co-operation of the central banks, and the regulation of credit "not only with a view to maintaining the currencies at par with one another, but also with a view to preventing undue fluctuations in the purchasing power of gold."

The first of these recommendations, *i.e.*, the general adoption of the Gold Standard, has been carried out in a measure and with a rapidity which probably far exceeds the most sanguine expectations of those days. Though the movement started in 1923 with the restoration of the Austrian currency, followed, in 1924, by the Hungarian, real progress only began to be made in April, 1925, when Great Britain, and, soon after, the Dominions re-established the Gold Standard. The movement made such rapid progress that, by the end of the following year, practically the whole of the civilised world inhabited by some 1,200,000,000 people—or 60 per cent. of the world's population—were handling money linked to gold. Being by law exchangeable into fixed weights of gold, or their equivalents, the money they handle will buy, either at home or abroad, what the weight of gold into which it is exchangeable will buy. It follows that the purchasing power of all the currencies of the Gold Standard world is determined, within a slight margin, by what gold will buy. If a stable value of gold, that is, a stable level of commodity prices, is beneficial to economic progress—as it is hoped to show in these notes—then such stability will bring economic progress and prosperity to these 1,200,000,000 people, and if, conversely, instability is an impediment to economic progress, then their progress will be impeded and their well-being detrimentally affected. It is well to bear this in mind if the importance and scope of the second set of the Genoa Resolutions are to be viewed in their proper perspective.

THE EFFECT ON COMMODITY PRICES.

The movement of the general level of wholesale commodity prices in this country since the end of 1925 may be taken to be a pretty faithful reflection of the fluctuations to which the purchasing power of gold was subject during that period. It would have been more satisfactory to take for this purpose the average of a wholesale commodity price index of this country and a similarly constructed index of the U.S.A. But this, unfortunately, is not possible, because none of the well-known American indices are constructed and weighted in the same manner as any of the recognised indices in this country. The American indices all include prices of more or less manufactured goods, whereas ours, such as the one regularly published by the *Economist*, are indices essentially of raw materials that have a wide international market. For the measurement of the purchasing power of gold internationally, the *Economist* index certainly seems more appropriate.

Taking the index numbers of wholesale commodity prices of the *Economist*, we get the following picture :—

	Economist Index Wholesale Commodity Prices; 1913 = 100.	Corresponding Purchasing Power of Gold, 1913=100.
End of December, 1925	153·0	65·4
„ „ 1926	145·1	68·9
„ „ 1927	141·9	70·5
„ „ 1928	136·5	73·3
„ „ 1929	126·9	78·8
„ May, 1930.....	115·8	86·4

It will be seen that the general level of prices fell steadily, but moderately, from the end of 1925 to the end of 1928, while the subsequent 15 months showed a much more accentuated drop which, towards the end of the period, degenerated into a slump.

Gold may thus be said to have appreciated :—

During the year ending	1926	by 5·4	per cent.
„ „	1927	„ 2·3	„
„ „	1928	„ 4·0	„
„ „	1929	„ 7·6	„
and during the five months ending May 31,	1930	„ 9·6	„
or for the whole period from end December, 1925, to end May, 1930		„ 32·1	„

It is clear, then, that "the wide fluctuations in the purchasing power of gold," which the Genoa Conference enjoined the Gold Standard world to avoid, have not been prevented.

The appreciation of gold, as expressed in the fall of the general level of commodity prices during the period under review, is popularly being ascribed to "over-production" brought about in the main—so it is said—by the rationalisation of industries the world over. The fact that this fall of prices has been accompanied by substantial accumulations of unsold stocks of practically all the great staple commodities lends, on a superficial view, support to this interpretation. A closer examination, however, makes this thesis untenable.

"Over-production."

Though the word "rationalisation" has found its way into our vocabulary comparatively recently, there is every evidence to show that rationalisation has been practised to a greater or lesser extent ever since industry has existed. The incentive to augment the gains of industry is an ever-present stimulus to improve, that is, to cheapen and intensify the production of industry. The twenty years immediately preceding the war were probably as prolific a period of scientific progress and of intensified production as any in the economic history of the world. Quantitative measurements, though unfortunately based on material of a comparatively scanty character, leave little room for doubt that production during that period increased at a rate far exceeding the increase of population. Mr. Carl Snyder (the Statistician of the Federal Reserve Bank of New York), measuring the progress of the United States of America by a wealth of statistical data, comes to the conclusion that the trade of the United States—that is, broadly, its production—has been increasing steadily during the last 50 years at a compound rate of 4 per cent. per annum; while his compilations respecting the production of the world at large led him to conclude that that has proceeded at a compound rate of 3 per cent. per annum. Mr Joseph Kitchin, measuring the economic progress of the world by figures of the physical production of the chief commodities, arrives at a somewhat similar conclusion. The League of Nations, in a recently published volume entitled *Memorandum on Production and Trade*, gives figures of world production which correspond broadly to an increase for the period from 1923–27 of the same figure of 3 per cent. per annum compound. The population of the world, on the other hand, has increased during those periods at a rate of about 1 per cent. per annum. It is true to say, then, that there was an excess of production equivalent to about 2 per cent. per annum over and above the needs to maintain that increased population at a stationary standard of life. Yet, except for a brief period in 1907, none of the phenomena by which the last five years are characterised had made their appearance. Indeed, the general level of commodity prices rose steadily from the year 1896 to the outbreak of war.

A Popular Fallacy.

On this evidence alone, one is entitled to question the validity of the popular notion that the accumulation of stocks of commodities coincident with the fall of the general level of prices of recent times is due to an unduly rapid increase of production of industry. Indeed, it is self-evident that an increase of production, extending over the whole range of commodities in an orderly and symmetrical fashion, cannot lead to what is commonly called "over-production." An increase of production, in these circumstances, simply makes available to the population a greater amount of all the goods it currently consumes. Thus, if the volume of production of the whole range of commodities that enter into the economic life of the nations is, on an average, increased by 3 per cent. per annum, then the producers of the individual commodities will all, on an average, have 3 per cent. more of the goods they produce to exchange with each other. The farmers would exchange their greater production for the greater production of those who produce the things the farmers need, and the producers of these and other things would exchange them for the greater production of the farmers. A symmetrical increase of production of this kind in effect raises the standard of life of the people, and that, it is almost unnecessary to say, is capable of practically infinite expansion. No disturbance in the exchange of the greater output of commodities need, or does, arise in these circumstances, provided there are available media of exchange in the form of money of all kinds to an amount that corresponds to the increased volume of exchanges that this greater production necessitates. If it is available the general level of commodity prices will remain stable. It is only when the available amount of money is either less or more than is needed to effect these exchanges that the general level of commodity prices will fall or rise as the case may be.

Symmetry in the production of the various classes of goods is not a matter of accident; it is constantly forced upon producers by the movement of prices of individual commodities relative to one another. If one or other of the commodities is being produced in quantities relatively greater than the production of the rest of the commodities, stocks of those commodities accumulate, their price falls, and so compels a reduction of their production until they once more conform symmetrically to the production of the rest of the commodities. In the reverse case, a reverse reaction on the price and consequently on the volume of production of individual commodities takes place and restores symmetry of production. The inter-play of relative prices—that is, of price movements of individual commodities relative to one another—is thus an automatic and infallible corrective of deviations from the line of symmetric production.

An Invisible Impediment?

Let us now observe the course of individual prices in this country during the period from the end of December, 1928, to the end of May, 1930. The Table in Annex "A" sets out the individual commodities on the prices of which the *Economist* index is based, and shows the percentage rise and fall in the price of each commodity for the period in question. In summary, the table shows that:—

	Falls.	Rises.	Unchanged.
13 commodities of the cereals and meat group had	10	2	1
9 commodities of other foods group had	8	1	–
11 commodities of the textiles group had	11	–	–
11 commodities of the minerals group had	5	5	1
14 commodities of the miscellaneous group had	7	3	4
58 commodities had	41	11	6

Of the 58 commodities included in the index given, 41, or 71 per cent., show falls, 11, or 19 per cent., show no change, while 6, or 10 per cent., show rises.

If it were true that the fall in the price of 71 per cent. of the principal raw materials that enter into our daily life is due to their "over-production," then the producers of each of these commodities would have on hand, and would be anxious to exchange, the surplus of the particular commodities they produce for the commodities they do not produce but need to maintain or improve their material comforts. Moreover, most of these other goods also are in superabundant supply, and the producers of these other goods would be equally anxious to exchange them for the goods they do not produce but need. There is thus a superabundance in nearly three-quarters of the various kinds of raw materials the world needs currently, there is an anxiety of the producers of each of these materials to exchange them for others, and yet they are not exchanged.

We are, in these circumstances, entitled to conclude that these exchanges failed to be made, not because goods generally were in excessive supply, but because the process of exchange was in some way impeded. And if—as is the case—there are no observable impediments of a physical or moral character, the theory of "over-production" fails and we are driven for an adequate explanation to the only remaining factor affecting the process of exchange—viz., the adequacy of the amount of money that is available to effect these exchanges.

The Money Factor.

It is clear that an increase of production, involving as it does an increased turnover of goods and services, calls for a corresponding increase in the amount of money and credit to effect this turnover, if the general level of commodity prices is to remain stable. If the amount of currency and credit that the Gold Standard world as a whole will permit to be created on a given amount of gold remains the same; if, in other words, the ratio of currency and credit to monetary gold reserves remains the same

then the general level of commodity prices, *i.e.*, the value of gold, will only remain stable if there is an increase of monetary gold reserves corresponding to the increase of production. Conversely, if the increase of monetary gold reserves does not keep pace with the increase of production, then general prices will only remain stable if the ratio of currency and credit to monetary gold reserves is appropriately increased. But as the national currencies of Gold Standard countries are all by law exchangeable for fixed weights of gold (or their equivalents in currencies of other Gold Standard countries) price stability can only be achieved by co-operative action, if not of all, yet of the principal Gold Standard countries. Supposing the production of the world increases at a compound rate of 3 per cent. per annum, and supposing the monetary gold reserves of the Gold Standard world were to increase at a similar rate, then the general level of prices will only remain stable if every member of the great Gold Standard partnership does, in fact, build upon the gold reserves they have, and may be receiving, a structure of currency and credit which, regard being had to the state of development of the credit system in each country, is appropriate. To the extent to which they fail to do so, they are depriving the Gold Standard world of the additional currency and credit it needs to exchange its greater production, with the effect of increasing the value of gold, that is, of depressing the general level of commodity prices. Gold upon which an appropriate structure of currency has not been built in these circumstances ceases to perform monetary functions, to the detriment, not alone of the country responsible for it, but of the whole Gold Standard world. It is rather extraordinary how widely spread the belief still is that the Gold Standard leaves the country adopting it in a position of independence, and that the benefits it confers can be had without any responsibilities. The truth that the Gold Standard has bound together the civilised world for good or evil in the greatest international partnership ever known in history, that this partnership, while conferring benefits on each partner, also imposes upon them stern duties, and that transgressions by any one partner inflict hardships on the rest, is hardly realised.

Maldistribution of Gold.

The exigencies of the war have disorganised the monetary systems of most countries. Much of their monetary gold found its way to America and neutral countries. When they restored their currencies after the war and returned to the Gold Standard, they found the free flow of commerce impeded by barriers of the most diverse kind, and with it the flow of gold. This, coupled with an ill-directed monetary policy pursued by some of the Gold Standard countries, accounts for the persistence of the maldistribution of the world's gold reserves and their partial sterilisation. That sterilisation is most pronounced in the case of America, the Argentine Republic, and, since 1928, of France, these countries having accumulated gold reserves far in excess of their reasonable needs. Any gold that flows into the reserves of these countries is not used as a basis for the expansion of currency and credit, and therefore does not perform its monetary functions. The Gold Standard world is, to that extent, deprived of the currency and credit it needs to exchange its increasing production.

In a table (Annex " B ") which is appended, are set out in the order of their size, the gold holdings of the central banks (and treasuries) in the principal Gold Standard countries of the world, at the close of each year since the end of 1925. In separate columns appear the changes, from year to year, in those holdings. In another part of the table, figures are given showing what the gold holdings represent per head of the population of each country, and, finally, figures are furnished of the new supplies of gold which have become available for monetary purposes year by year.

To assess the bearing, from a monetary point of view, of the changes recorded in the principal table, it is necessary to consider their effect on the currency and credit structure of the Gold Standard world as a whole in relation to its needs for currency and credit. It being generally accepted that the production of the world increases at the rate of 3 per cent. per annum, an increase of the world's monetary gold reserves at the same rate would, in the absence of any economy in the use of gold for monetary purposes, provide an amount of currency and credit adequate to maintain prices. But when we consider the gold movements recorded in the table, we have to distinguish between gold that serves truly monetary purposes and gold that does not. The table showing the gold holdings per head of the population in the several countries is of particular interest in that connection. It shows that whereas the amount of Great Britain's gold reserves per head of her population was £3·3, that of the U.S.A. was, on an average, about £6·7, and that of France £6·1 in 1928 and £8·0 in 1929. Though their credit systems have attained a state of efficiency which cannot be said to be much inferior to that of Great Britain, the gold reserves per head of the population in the U.S.A. were roughly 100 per cent. greater than those of Great Britain, while those of France in 1928 were roughly 85 per cent., and, in 1929 no less than 140 per cent. greater than those of Great Britain. The gold reserves of the Argentine Republic, at an average of about £9·4, even if the fullest allowance is made for the less efficient credit system in that country, are far and away in excess of its legitimate requirements. Any gold, therefore, that flowed into America, Argentina and, since the beginning of 1928, into France, serves no monetary purpose, for in none of these countries is it permitted to support a structure of currency and credit that it would be permitted to support if it had flowed into other countries whose credit systems are in as high a state of development as theirs. In the appended table (Annex " C ") account has been taken of this fact when comparing the amount of monetary gold needed to increase gold reserves by 3 per cent., and so support an increase of production at the same rate, with the amount of monetary gold that has actually become available in each year.

The Gold Deficiency.

The correlation of the figures of the last two columns, and particularly the figures for the year 1929, is significant. The deficiency of supply of monetary gold in relation to the assumed requirements of 3 per cent. per annum was moderate in the three years to the end of 1928, and so was the fall of the general level of commodity prices during that period. But when we come to the year 1929, we find a deficiency of well over 100 per cent. of requirements, accompanied by a sharp fall of prices which continued into the present year. Not only was the whole of the new gold that had become available for monetary purposes in 1929 absorbed by the U.S.A. and France, but the two countries have, in addition, managed to deplete the reserves of some of the other Gold Standard countries to the extent of £14,000,000, after due allowance has been made for the release of £36,000,000 by the Argentine. Together they have in this manner sterilised gold to the value of £110,000,000, and deprived the Gold Standard world of the possibility of augmenting the amount of currency and credit that was needed for the exchange of its increased production. That sufficiently explains the catastrophic fall of the general level of commodity prices in 1929 and the beginning of this year. It also suggests that co-operative action for the purpose of co-ordinating the demand for gold by the central banks of the principal Gold Standard countries, which the Genoa Conference so strongly advocated, was either absent or ill-directed.

The Economic Repercussions.

The fall in the general level of commodity prices clearly can have no effect on the physical equipment of the world. The lands, houses, factories, roads, railways and harbours remain, for all practical purposes, what they were when prices were higher. Nor can it have any effect on the possibility of and the need for employing that physical equipment for productive purposes. The population has remained the same and so have its wants. Indeed, the experience of the past leaves little room for doubt that, whatever the movement of general prices, production as a whole increases at a remarkably steady rate, though that rate of increase is perhaps accentuated in times of rising prices and somewhat retarded in times of falling prices.

Whence, then, arises the disturbance that impedes the smooth course of exchange of the commodities the world produces?

We all know that, in our complex economic organisation, the vast majority of transactions are not settled when they are concluded, but that they almost always involve contracts expressed in money amounts, the settlement of which is deferred over widely varying periods. In our Gold Standard world, it is the purchasing power of gold, as expressed in the general level of commodity prices, that determines the real obligations (in terms of goods, in which only they can be met) of all these contracts. If the general level of commodity prices falls by 20 per cent., or, in other words, if the purchasing power of money increases by 25 per cent., then a contract entered into before that fall has taken place will compel the debtor to give to the creditor a title to goods 25 per cent. greater than the two parties had bargained for when they concluded the contract. The total available volume of goods, that is, broadly the income of the community, has thus to be divided among the creditor and debtor sections of the community in different proportions than before. But, as the total volume of production increases relatively slightly from year to year, the greater title to goods of the creditor class can only be met by the share of the National Income falling to the debtor class being curtailed. It is this re-distribution of wealth, and the fact that the greater title to goods in the hands of the creditor section of the community is, in times of falling prices, exercised haltingly and in a class of goods quite different from that which the debtor class foregoes, that causes the profound disturbances in the exchange of goods.

The Distribution of Wealth.

It will be easier to appreciate the reactions brought about by such a redistribution of wealth if we examine a concrete case. Professor Bowley and Sir Josiah Stamp published in 1927 a monograph on the "National Income" of Great Britain in 1924. Largely based on the figures given in this publication, Mr. Joseph Kitchin has compiled for the writer an account in which the national income of that year is apportioned among the principal classes of the community who are particularly affected by a redistribution of wealth due to a change of the general price level. The account does not pretend to represent statistical facts (and the authors of the monograph must not be held responsible for the allocations made), but they are put forward as the best estimate that the available data permit to be made, They are believed to be sufficiently near the truth to serve the present purpose. The account is set out below :—

NATIONAL INCOME AND DISTRIBUTION ACCOUNT.

Income. Money Value, £ Millions.		*Distribution.* Money Value, £ Millions.	% of Total Income.
4,060	(*a*) Public debt service	405	10·0
	(*b*) Interest and rent	665	16·4
	Fixed money obligations	1,070	26·4
	(1) Other governmental expenditure	285	7·0
	(2) Profits of Enterprise (*entrepreneur*)	685	16·8
	(3) Wages and salaries	2,020	49·8
	Residue	2,990	73·6
4,060		4,060	100·0

The distribution of the national income has been split up, it will be observed, into the constituents of (*a*) public debt service and (*b*) interest and rent, which are grouped together under the main heading of "Fixed Money Obligations," and (1) Other Governmental Expenditure, (2) Profits of Enterprise, and (3) Wages and Salaries, grouped under the main heading of "Residue." The first group, as the heading implies, comprises the obligations in respect of contracts involving fixed money payments. It includes, apart from interest and redemption charges on the National Debt, the debts of public bodies and private undertakings, also rent on landed and house property and pensions. These obligations may be said to constitute a first charge on the national income. They have to be met whatever the income may be, if default is to be avoided. The second group, headed "Residue," represents the balance of the national income that is available to meet (*a*) Governmental Expenditure other than debt charges; (*b*) Profits of Enterprise (*entrepreneur*)—which includes all dividends of a variable type, such as accrue to holders of ordinary or deferred shares of companies—and, finally (*c*) Wages and Salaries.

Rentier and Entrepreneur.

A fall of the general level of prices increases immediately and automatically the share of the national income which falls to the section of the community that has fixed money claims. That increase takes place without any apparent friction as between that section and the rest of the community; indeed, most people do not realise that it has taken place. But, even if it were realised, it is not likely to be resented. The greater purchasing power of money is regarded as a windfall to the lucky ones who have claims to it, and is generally thought to be due, if not to an act of God, then to the folly of the *entrepreneur* class for having increased production unduly. There are few who realise that the greater purchasing power of the money in the hands of those having fixed money claims can only be satisfied by a corresponding increase of production, or, failing that, by a curtailment of the income of the remaining sections of the community, or (using the global term employed for the purpose of the account) of the "Residue." It is here that the fiercest friction at once and automatically arises. There is less to be divided among the *entrepreneur* and the wage-earning classes. Sacrifices have to be made. Who is to bear them, and if they are to be borne by both sections, in what proportions? The wage-earner resists having his money wage reduced, even if that wage were to buy correspondingly more goods. But we know that a fall of the general level of wholesale prices does not at once bring down the prices of the goods the wage-earner needs and buys. The cost of living, in other words, does not, except very sluggishly, follow wholesale prices. Besides, the reduction of wages is, in any case, a long and difficult process, often involving strikes which reduce production when increased production is the only means to restore the income in terms of goods of the classes comprising the "Residue."

The whole of the burden of the fall has thus at first to be borne by the *entrepreneur* class. Those among them whose enterprises are less exposed to foreign competition will try to lighten their burden by combining for the purpose of maintaining or raising the prices of the commodities they produce or the services they render. The result is that the burden falling on the *entrepreneur* class whose industries are more exposed to foreign competition, and who are therefore less able to control the prices of the goods they have to sell, is further increased. Hence the well-known phenomenon of the unsheltered industries being the first to be badly crippled or put out of action by a fall of general prices. But even if both the sheltered and unsheltered industries were prepared to shoulder the burden rateably, they would only be able to support it if the fall of prices were relatively unimportant, simply because their share of the National Income, even in times of stability, is but a small proportion of the whole. The National Income and Distribution Account shows that their share in 1924 has amounted to just over 16 per cent.

Dividing the National Income.

To aid the reader in visualising the nature and the relative extent of the changes in the distribution of the National Income consequent on changes in the general level of prices, a diagram (coloured Annex I.) is inserted which attempts to show this. It is built up from the figures of the National Income and Distribution Account given earlier in this paper, the vertical line above the figure 100 at the bottom of the chart representing the National Income as distributed in that Account. To the left of this vertical line can be read off the effect which any given fall, and to the right any given rise, of the general level of commodity prices has on the distribution, on

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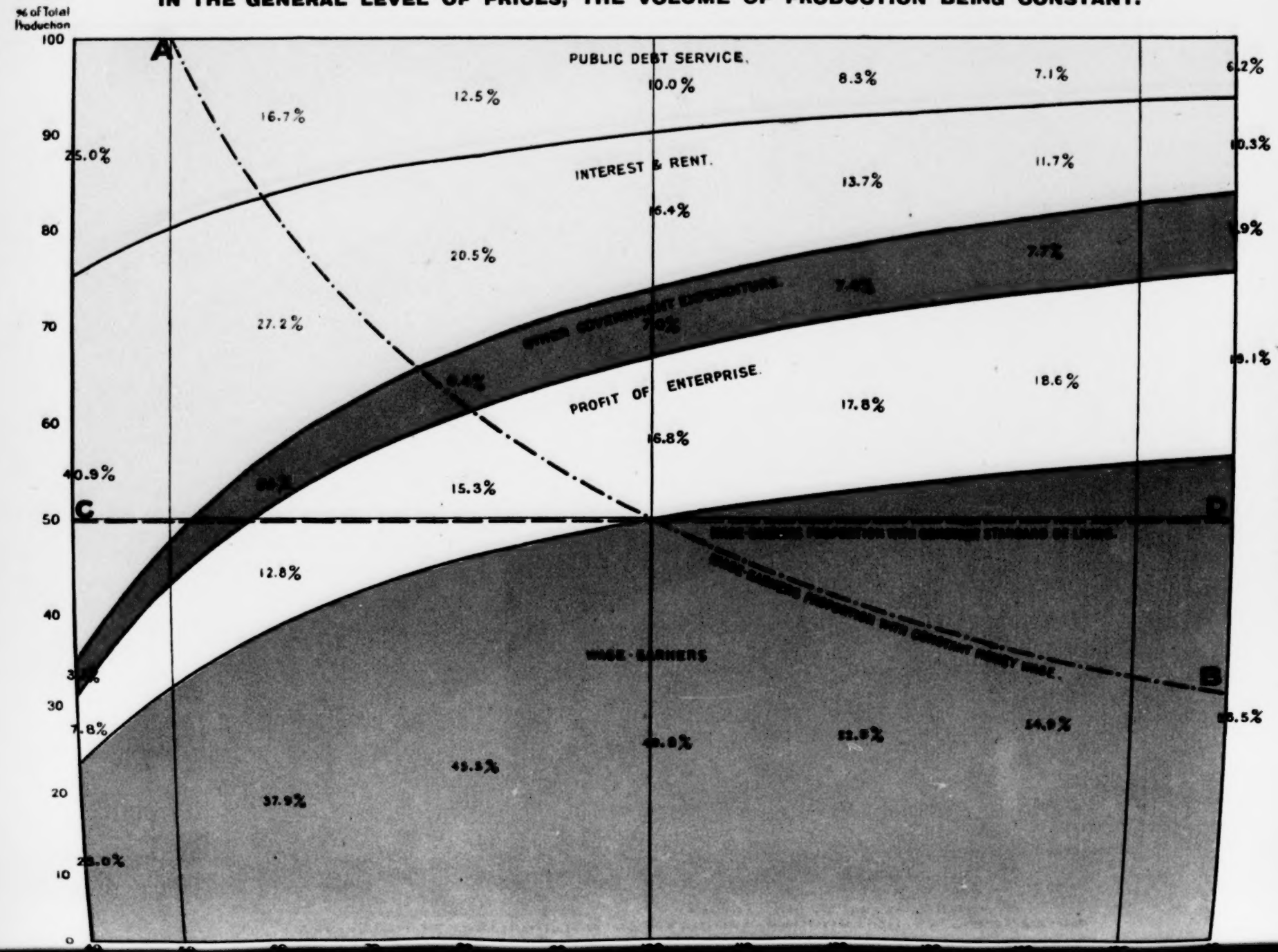
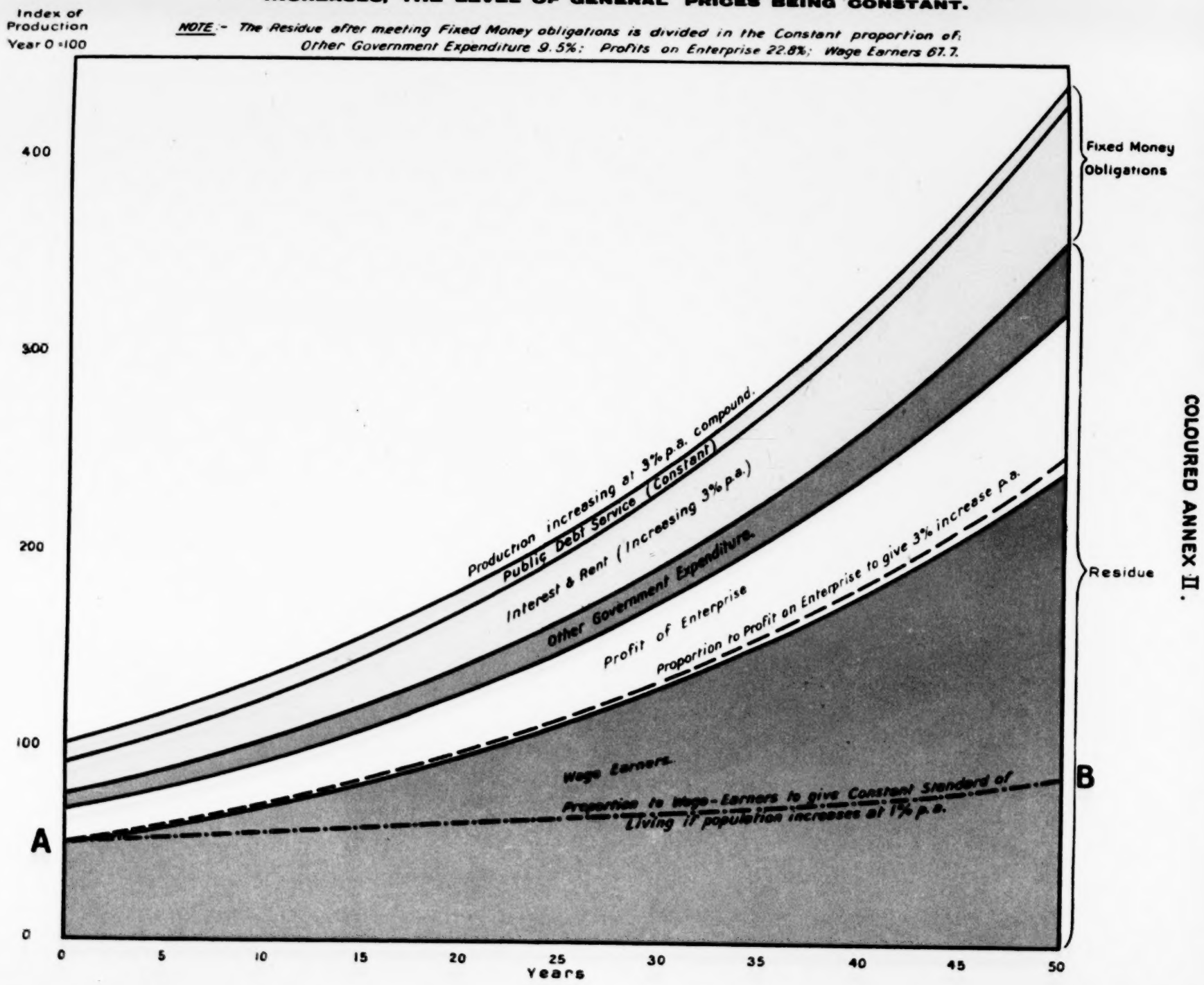
CHANGES IN DISTRIBUTION OF NATIONAL PRODUCTION AS A RESULT OF CHANGES IN THE GENERAL LEVEL OF PRICES, THE VOLUME OF PRODUCTION BEING CONSTANT.



COLOURED ANNEX I.

VARIATION IN DISTRIBUTION OF NATIONAL PRODUCTION AS PRODUCTION INCREASES, THE LEVEL OF GENERAL PRICES BEING CONSTANT.



COLOURED ANNEX II.

the supposition that the National Income remains stationary, and that the "Residue" is divided between its constituents in exactly the same proportions as it is divided in the original account shown in the vertical line above the figure 100. It will, of course, be understood that the presentation in this form is a purely schematic one, and does not—indeed could not—take account of the innumerable subsidiary influences which are constantly at work in the direction of accelerating or retarding the re-distribution of the shares in the National Income as between one section of the community and another.

It, however, faithfully represents the change in the proportions of the National Income that fall to those having fixed money claims on the one hand, and to the "Residue" on the other, consequent upon changes in the general level of commodity prices on the assumption that the National Income neither increases nor decreases. But the division between the main constituents of the "Residue," viz., the wage-earning and *entrepreneur* classes shown in the diagram is an ideal one. The line denoting that division has been drawn simply to illustrate how each of these classes would be faring if they bore rateably the burden consequent on a fall, and enjoyed rateably the benefit consequent on a rise in the level of prices. In point of fact it is the process of dividing the "Residue" (especially if the "Residue" becomes smaller as a result of a falling price level) that causes the struggle and friction between the two classes which right through history has accompanied every violent change in the level of prices.

The Burden on Enterprise.

Of far greater significance in that connection are the lines shown on the diagram which denote the wage-earners' share of the National Income if money wages remain constant (*AB*) and their share if their standard of living is to be maintained stable (*CD*). The first, in particular, illustrates strikingly the friction that even a relatively small fall in the general level of commodity prices sets up between the wage-earning and *entrepreneur* classes. It shows how deeply the wage-earners' share cuts into "Profit of Enterprise" while money wages remain unaltered and how urgent, therefore, a re-adjustment of money wages becomes. Line *CD*—which pre-supposes a readjustment of money wages to a point at which the real wages, *i.e.*, the standard of living, is maintained unaltered—shows that even this involves a rather substantial encroachment on "Profit of Enterprise." Conversely, if the latter is incapable of bearing the burden (and there is, of course, a limit beyond which "Profit of Enterprise" cannot be curtailed without killing enterprise), it shows that a fall of prices forces upon the wage-earning community a debasement of their standard of living. An increase of production alone is capable of mitigating that situation. But if it is considered that an annual increase of production of 3 per cent. will counteract the ill-effects of a fall in the general level of prices of only about 2·9 per cent. per annum, the profoundly disturbing effect of the fall of 16 per cent. during the last seventeen months will be appreciated.

Little imagination is required to visualise the many implications which spring from this state of things. Thus it is clear that industries which are most vulnerable to competition are the first to suffer, and that, failing very large resources to meet losses, they are quickly reduced to impotence and compelled to suspend operations. Unemployment is the result, but that unemployment is not merely confined to the particular industry that has to suspend operations but spreads over most other industries, for the suspension of operations by one industry immediately reacts on others through the curtailment of the requirements by the former of goods produced and services rendered by the latter. A reduction of money wages, possibly to a level constituting a debasement of the standard of living, becomes inevitable. Wage reductions of so drastic a character can hardly be expected to be accomplished without strikes. These in turn aggravate the evil; production is further curtailed and unemployment further increased and that at a time when an increase of production alone can remedy the disequilibrium!

Demand Curtailed.

Meanwhile, the greater title to goods which the fall of general prices gives to those having fixed money claims remains unexercised. While money appreciates, a reluctance to exchange it for goods is only natural; and that is particularly true of those having fixed money claims, for they can afford it, the greater title to goods they so acquire constituting, in fact, an increment over and above their accustomed standard of life. They are thus unlikely to exercise it until they believe that the fall of prices has come to an end, and when they do, it will be in goods of a different character from those in which it would be exercised if it were in the hands of the wage-earning community. The latter would exercise it mainly in the purchase of consumable goods, while the former would exercise it in the purchase of capital goods through the acquisition of bonds and shares.

In a period of falling prices, there is thus a falling-off in the demand for consumable goods owing to the reduction of income of the wage-earning classes, and of capital goods owing to the reluctance to exercise their increased purchasing power by those having fixed money claims. Added to this, there is the psychological factor of falling prices reacting on the *entrepreneur* class in the direction of limiting their purchases of commodities to their immediate needs. Hence the curtailment of demand for both classes of goods, and the consequent accumulation of stocks of most primary commodities.

This cursory analysis supplies—it is submitted—a far more cogent explanation of the phenomenon that is observable not merely in this country but, to a greater or lesser extent, the Gold Standard world over. The phenomenon is due, not to "over-production," but to the retardation in the process of exchange, and therefore of consumption, caused by a drastic redistribution of wealth resulting from the fall in the general level of commodity prices which, in turn, owes its origin to an inadequate supply of currency and credit.

The Real Shortage.

Before concluding this part of our analysis, let us consider the monetary aspect of the developments just referred to. The fact that the general level of prices has fallen and that production and trade have suffered a curtailment reduces the need for currency and credit. The amount that was insufficient before the fall occurred will probably be substantially in excess of the needs of exchange in the altered circumstances. The fact, moreover, that the increased purchasing power in the hands of those having fixed money claims is not being exercised in the purchase of capital goods through the investment market, but is being temporarily diverted to the short credit market, is a sufficient explanation of the abundance of the supply of credit in periods of rapidly falling prices. This abundance is the one element in the situation which can, and invariably does, set into motion a trend in the reverse direction. Cheap credit revives confidence, and with it enterprise. The fall of general prices is stayed. Those who have temporarily diverted their surplus purchasing power to the short credit market take heart and direct it to the investment market, and through it, to the production of capital goods. Employment increases, and so does the demand for consumable goods. General prices take an upward trend and the spirit of enterprise broadens until both are once more checked by currency and credit having reached the limit to which the central banks consider it prudent to expand them in view of the available supply of monetary gold.

It is well to restate these well-known phases of a trade cycle in order to show that there is ample ground for the contention that such cyclic movements are of monetary origin and by no means beyond control. Our analysis shows that the recent fall in the general level of prices has its origin in an insufficiency in the supply of currency and credit, and that that insufficiency was brought about by the very reverse of economy in the use of the monetary gold that became available. It showed that a drastic redistribution of wealth was thus forced upon the world, that this caused the free flow of exchange to become badly clogged, with the result that the fall of general prices was

accentuated and that the available amount of currency and credit became superabundant.

It is legitimate to conclude that, if the Gold Standard world had been supplied with an adequate amount of currency and credit by the exercise of reasonable economy in the use of its monetary gold supply, there would have been no fall of general prices. If there had been no fall there would have been no redistribution of wealth, no clogging of the flow of exchange, no superabundance of currency and credit to supply the stimulus for a reversal of the movement, and therefore no trade cycle.

The Diagram on p. 9 and the figures in Annex "D" strikingly illustrate the close correlation of the deficiency in the supply of monetary gold (on the assumption that an addition to the monetary gold reserves of 3 per cent. per annum is needed to meet the requirements of an increase of production at the same rate), with the movement of the general level of prices and the state of unemployment in the period under review. A graph is added showing the movement of the Bank of England's liabilities in respect of other deposits, together with the total note circulation (currency notes in issue being added to the Bank of England notes before the former were taken over by the Bank). When examining the unemployment chart, it should be remembered that the coal stoppage in 1926, and its repercussions in 1927, are no doubt largely responsible for the violent movements shown in that period.

If Prices Rise.

Not much space need be devoted to the analysis of the consequences of a rise in the general level of prices. They are pretty well the reverse of those of a fall. The diagram (coloured Annex I.) clearly shows how the share in the national income accruing to those who have fixed money claims is reduced, how the "Residue" is correspondingly increased, and how the "ideal" division of the "Residue" among the wage-earning and *entrepreneur* classes (*i.e.*, its division in the same proportions as those of the original National Income and Distribution Account) raises the standard of living of the former and yet leaves the latter with a greater profit. The need for a readjustment of money wages is again strikingly illustrated by the lines *AB* and *CD*, but it will be apparent that the readjustment, though no doubt liable to cause friction, is a much less difficult matter than in the case of falling prices. To divide the benefit of a surplus is a much less unpleasant affair than to divide the burden of a deficiency.

The increased title to goods which accrues to the "Residue" is exercised at once, both consumable and capital goods are in brisk demand, the former mainly by the wage-earning community and the latter by the *entrepreneur* class, as well as by those having fixed money claims. The exchange of goods proceeds unchecked and at an accelerated rate. This, and the psychological effect of rising prices, stimulates enterprise, sometimes much beyond its legitimate limits, until it is fiercely checked by the supply of currency and credit being no longer capable of expansion owing to the limitation put upon it by the available supply of monetary gold. The trend in the reverse direction is set in motion with all the evil consequences to which reference has been made.

Stable Prices.

Having illustrated diagramatically (coloured Annex I.) the effect on the distribution of the National Income of fluctuations of the general level of commodity prices, it may be helpful to show, in similar form, the development of things when general prices are stable. A further diagram (coloured Annex II.) has been drawn for the purpose. Like the earlier diagram, it is built up from the figures of the original account, the vertical line above the figure 0 at the bottom of the chart representing the distribution in that account. It assumes that the National Income increases at the rate of 3 per cent. per annum compound, that the Public Debt service remains at a constant figure, but that "Interest and Rent" (Private Debt) increases at the same rate as the National Income, viz., 3 per cent. per annum, it being assumed that the additional capital equipment needed to produce the 3 per cent. increase of the National Income will be provided by a rateable increase of Private Debt. The "Residue" is divided in the constant proportions of the original account, viz., Other Government Expenditure (9·5 per cent.), Profits of Enterprise (22·8 per cent.) and wage-earners (67·7 per cent.).

It will be seen that (except for the increase of Private Debt on the assumption made) those having fixed money claims will be receiving the same amount of real income right through the period, and that practically the whole of the increase of the National Income accrues to the "Residue." It would be difficult to show that this distribution does not do full justice to all sections of the community; those having fixed money claims will be receiving the same amount of money of the same purchasing power they bargained to receive when the Creditor and Debtor position was created. In accepting a fixed money claim and receiving in return for it the superior security of a first charge on the income, they clearly gave up their claim to a share in any increase of income that arises from greater productivity. Those, on the other hand, to whose enterprise, energy and willingness to bear risks the greater productivity is in the main due, *i.e.*, the wage-earners and *entrepreneurs*, are justly entitled to share between them the fruits of having created it. The division of the "Residue" between wage-earners and *entrepreneurs* in the constant proportions of the original account, secures to both an increase of income at a rate somewhat greater than 3 per cent. per annum. The line *AB* drawn across the diagram indicates the proportion of the National Income that is needed to give to the wage-earners a constant standard of living, on the assumption that the population increases at the rate of 1 per cent. per annum. That line brings out in a particularly striking manner how an increase of production in conditions of monetary stability makes available for the improvement of the standard of life of the wage-earners a steadily increasing margin, and yet satisfies the just claims of the *entrepreneur* class to a rateable share in the increased production.

The Smoother Flow.

The diagram thus indicates that, in the conditions assumed, the standard of life of the wage-earners would be doubled in thirty years, indeed, that no section of the community benefits as much from an increase of production as they do. That increased production does not reach the wage-earner unless money wages are increased accordingly. Friction may, but need not arise in the process, for, as in the case of rising prices, it is a question of dividing between wage-earners and *entrepreneurs* not the burden of a deficiency, but the benefit of a surplus. Besides, in conditions of stability, it should not be beyond the wit of man to devise a system by which the wage-earner's due proportion of the increased production is currently—almost automatically—transferred to him. But even if friction were to arise here and there, it can affect but slightly the immeasurable benefits which arise from the fact that in conditions of price stability a re-distribution of wealth is avoided, and, with it, the profound disturbances that spring from it. There would be no check to the smooth flow of goods, the steadily increasing income accruing to the "Residue" being currently exercised in the purchase of consumable as well as capital goods. There would be no undue stimulus or deterrent to enterprise, nor would the smooth flow of savings to the capital market be interfered with. In a word, there would be no check to economic progress.

The Hope for the Future.

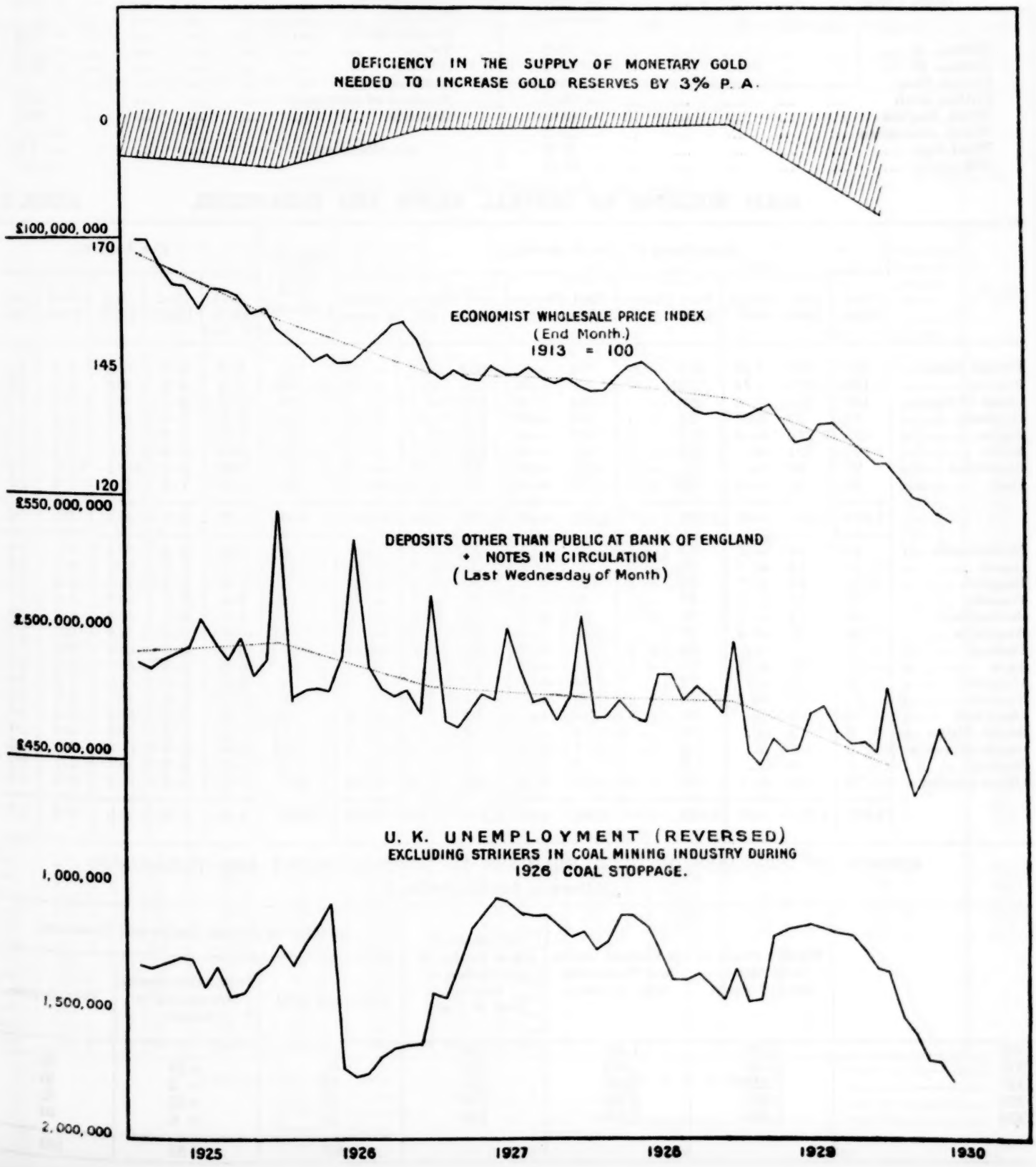
The conquest of the forces of nature by the human race is increasing at a rate undreamt of only a little while ago. We are justly proud of it, and also of our achievements in the direction of co-operation for the purpose of "rationalising" physical production. Yet the world permits itself to be robbed of much of the fruits of this conquest by the failure to "rationalise," by co-operative action, the monetary use of gold, though that alone can secure for it the undisturbed economic progress which is the very foundation of social and political peace.

There are some—alas, probably many—who will deny the possibility of controlling, or even of influencing, the course of the general level of prices by co-operative action of the central banks. In their eyes, it is an ideal unattainable in practice—a Utopian dream. In holding that view they must be suppressing their sense of humour, for, in denying the possibility of influencing the general level of prices, they deny the possibility of the very existence of the Gold Standard. They forget that no country could remain on the Gold Standard unless its credit policy were constantly directed to suitably increasing or decreasing the purchasing power of the national currency (that is, of lowering or raising the general level of commodity prices in that country), so as to keep it in step with the purchasing power of the national currencies of other Gold Standard countries (i.e., their general level of prices). Their attitude of mind vividly reminds one of the arguments not infrequently adduced, even in the best circles, in the countries that allowed themselves to be nearly overwhelmed by monetary inflation. The increase of the monetary circulation was, in their view, a necessary consequence—and not the cause—of the rise of prices. The same line of reasoning, but in the reverse direction, seems to possess those who regard the disastrous fall of prices in recent times (which, as has been shown, is clearly traceable to the deflationary effect of the sterilisation of gold) as an inevitable evil due to forces beyond human control.

We can only hope that the inquiry into the gold question, which is at present being carried on by a Delegation of the Financial Committee of the League, will achieve results no less effective than those yielded by the Report of the Brussels Conference, and that the Bank of England will once more lead the other principal central banks along the path of intelligent co-operation towards the common objective—economy in the use of gold, which alone can obviate the otherwise inevitable recurrence of disturbances such as those which are so grievously afflicting the world to-day.

DIAGRAM.

GOLD, CREDIT, PRICES, AND UNEMPLOYMENT.



WHOLESALE PRICES OF INDIVIDUAL COMMODITIES.

ANNEX A.

Increase (+) or decrease (−) per cent. between December 31, 1928, and May 31, 1930.

Wheat, foreign	− 1·1
Wheat, English	− 9·7
Flour	− 1·4
Barley	− 28·7
Oats	− 27·1
Maize	− 33·7
Rice	− 12·7
Potatoes	− 50·0
Beef, English	...
Beef, Argentine	+ 2·9
Mutton, English	+ 9·6
Mutton, New Zealand	− 21·6
Bacon, Danish	− 2·0
Cereals and meat	**− 13·5**
Tea	− 20·0
Coffee	− 3·1
Cocoa	− 6·6
Sugar, cane	− 12·4
Sugar, refined	− 11·5
Cheese, Canadian	− 7·1
Butter, Danish	− 34·0
Coco oil	− 14·1
Tobacco	+ 2·3
Other foods	**− 11·8**
Cotton, A.	− 18·9
Cotton, E.	− 30·3
Cotton yarn	− 21·0
Cotton cloth	− 14·3
Wool, English	− 41·8
Wool, Australian	− 38·6
Wool tops	− 37·0
Silk	− 27·8
Flax	− 36·9
Hemp	− 31·3
Jute	− 26·7
Textiles	**− 29·5**
Pig iron	...
Steel rails	+ 2·3
Iron bars	...
Tinplates	+ 4·9
Coal, Welsh exp.	+ 0·9
Coal, Durham gas	+ 3·3
Coal, household	+ 8·5
Lead	− 4·8
Tin	− 12·4
Copper	− 37·7
Spelter	− 27·0
	− 36·3
Minerals	**− 8·9**
Timber, English	...
Timber, Swedish	− 5·3
Cement	...
Hides	− 27·3
Leather	− 17·3
Petrol No. 1	+ 14·8
Petroleum oil	+ 14·3
Fuel oil	...
Linseed oil	+ 46·6
Tallow	− 6·5
Rubber	− 22·3
Soda, crystals	...
Sulphate of ammonia	− 24·1
Creosote	− 46·1
Miscellaneous	**− 5·2**

GOLD HOLDINGS OF CENTRAL BANKS AND TREASURIES.

ANNEX B.

	In millions of pounds sterling. End 1925.	End 1926. *Change, 1926.*	End 1927. *Change, 1927.*	End 1928. *Change, 1928.*	End 1929. *Change, 1929.*	*Change, 4 years.*	Population, 1929 (millions)	Per head (£). End 1925.	End 1926.	End 1927.	End 1928.	End 1929.
United States	819	838 *+19*	818 *−20*	770 *−48*	802 *+32*	*− 17*	121	6·8	6·9	6·8	6·4	6·6
France	164	(175) *+11*	(202) *+27*	258 *+56*	336 *+78*	*+172*	42	3·9	4·2	4·8	6·1	8·0
Great Britain	145	151 *+ 6*	152 *+ 1*	153 *+ 1*	146 *− 7*	*+ 1*	46	3·2	3·3	3·3	3·3	3·2
Germany	59	90 *+31*	91 *+ 1*	134 *+43*	112 *−22*	*+ 53*	64	0·9	1·4	1·4	2·1	1·7
Japan	123	118 *− 5*	115 *− 3*	109 *− 6*	110 *+ 1*	*− 13*	89	1·4	1·3	1·3	1·2	1·2
Spain	101	101 ...	103 *+ 2*	101 *− 2*	102 *+ 1*	*+ 1*	23	4·4	4·4	4·5	4·4	4·4
Argentine	95	95 ...	111 *+16*	127 *+16*	91 *−36*	*− 4*	11	8·6	8·6	10·1	11·5	8·3
Italy	68	66 *− 2*	69 *+ 3*	75 *+ 6*	76 *+ 1*	*+ 8*	44	1·5	1·5	1·6	1·7	1·7
	1,574	1,634 *+60*	1,661 *+27*	1,727 *+66*	1,775 *+48*	*+201*	440	3·6	3·7	3·8	3·9	4·0
Netherlands	37	34 *− 3*	33 *− 1*	36 *+ 3*	37 *+ 1*	...	8	4·6	4·2	4·1	4·5	4·6
Brazil	11	12 *+ 1*	21 *+ 9*	30 *+ 9*	31 *+ 1*	*+ 20*	34	0·3	0·4	0·6	0·9	0·9
Belgium	11	18 *+ 7*	21 *+ 3*	26 *+ 5*	34 *+ 8*	*+ 23*	8	1·4	2·2	2·6	3·2	4·5
Canada	46	47 *+ 1*	47 ...	39 *− 8*	31 *− 8*	*− 15*	10	4·6	4·7	4·7	3·9	3·1
Switzerland	18	19 *+ 1*	20 *+ 1*	21 *+ 1*	24 *+ 3*	*+ 6*	4	4·5	4·7	5·0	5·2	6·0
Australia	26	22 *− 4*	22 ...	22 ...	18 *− 4*	*− 8*	6½	4·0	3·4	3·4	3·4	2·5
Poland	5	5 ...	12 *+ 7*	14 *+ 2*	16 *+ 2*	*+ 11*	31	0·2	0·2	0·4	0·5	0·5
Java	15	16 *+ 1*	15 *− 1*	14 *− 1*	14 ...	*− 1*	55	0·3	0·3	0·3	0·3	0·3
Uruguay	12	12 ...	12 ...	14 *+ 2*	14 ...	*+ 2*	2	6·0	6·0	6·0	7·0	7·0
Sweden	13	12 *− 1*	13 *+ 1*	13 ...	13 ...	...	6	2·1	2·0	2·1	2·1	2·1
Denmark	12	12 ...	10 *− 2*	10 ...	10 ...	*− 2*	3½	3·4	3·4	2·8	2·9	2·8
South Africa	9	9 ...	9 ...	9 ...	8 *− 1*	*− 1*	7½	1·2	1·2	1·2	1·2	1·1
Czechoslovakia	6	6 ...	6 ...	7 *+ 1*	8 *+ 1*	*+ 2*	14½	0·4	0·4	0·4	0·5	0·6
Norway	8	8 ...	8 ...	8 ...	8 ...	...	3	2·7	2·7	2·7	2·7	2·7
Other countries	78	85 *+ 7*	91 *+ 6*	93 *+ 2*	102 *+ 9*	*+ 24*	605	0·1	0·1	0·2	0·2	0·2
	1,881	1,951 *+70*	2,001 *+50*	2,083 *+82*	2,143 *+60*	*+262*	1,238	1·5	1·6	1·6	1·7	1·7

SOURCE OF INCREASES OF GOLD HOLDINGS IN CENTRAL BANKS AND TREASURIES.

(Millions of pounds sterling.)

	World's Stock of Gold Money (end of year).	In Central Banks and Treasuries (end of year).	Difference (in other banks, in circulation or hoarded) (end of year).	Increase in Central Banks and Treasuries. From new gold.	From other banks, circulation or hoards.	Total increase.
1925	2,129	1,881	248	...	...	...
1926	2,180	1,951	229	51	+19	70
1927	2,232	2,001	231	52	− 2	50
1928	2,282	2,083	199	50	+32	82
1929	2,336	2,143	193	54	+ 6	60
				207	+55	262

ANNEX C.

SUPPLY AND DEFICIENCY OF MONETARY GOLD.

End of	New Gold becoming available for monetary purposes.	Gold sterilised : — Gold released from sterile reserves : +		Net additions to monetary gold reserves.	Addition of 3% needed.*	Deficiency.		*Economist* Wholesale Price Index. 1913 = 100.	
	In £ millions.							Index.	Rise or Fall %
December, 1924	74	U.S.A. — 54 Argentine + 7	— 47	27	62	35	56·5%	172·4	+ 6·1
December, 1925	— 4	U.S.A. + 23 Argentine — 1	+ 22	18	63	45	72·6%	153·0	—11·2
December, 1926	70	U.S.A.	— 19	51	64	13	20·3%	145·1	— 5·2
December, 1927	50	U.S.A. + 20 Argentine — 16	+ 4	54	65	11	17·0%	141·9	— 2·2
December, 1928	82	U.S.A. + 48 Argentine — 16 France — 56	— 24	58	67	9	13·4%	136·5	— 3·8
December, 1929	60	U.S.A. — 32 Argentine + 36 France — 78	— 74	— 14	68	82	121·0%	126·9	— 7·0
May, 1930								115·8	— 8·7

* Reckoned on stock of gold money at end of previous year.

ANNEX D.

STATISTICS USED IN DIAGRAM ON PAGE 9.

	Wholesale Price Index. 1913=100	Unemployed. 000	B. of E. Other Deposits. (Last Wednesday of month.)	Notes in circulation. (Last Wednesday of month.)	Treasury Notes in circulation. (Last Wednesday of month.)	Total.		Wholesale Price Index. 1913=100	Unemployed. 000	B. of E. Other Deposits. (Last Wednesday of month.)	Notes in circulation. (Last Wednesday of month.)	Treasury Notes in circulation. (Last Wednesday of month.)	Total.
			£ millions.							£ millions.			
1925.							1928.						
Jan.	170·1	1,320	107·3	97·6	281·2	486·1	Jan.	141·5	1,261	98·7	78·4	288·0	465·1
Feb.	170·1	1,331	105·5	97·9	281·2	484·6	Feb.	141·5	1,228	98·5	79·1	287·5	465·1
Mar.	165·7	1,308	105·9	97·5	284·3	487·7	Mar.	143·5	1,128	98·2	79·2	289·5	466·9
April	161·9	1,292	105·5	94·5	289·8	489·8	April	145·7	1,128	94·8	78·5	292·0	465·3
May	160·8	1,294	106·7	94·3	291·5	492·5	May	146·7	1,168	89·6	79·8	293·7	463·1
June	157·0	1,406	118·3	92·7	292·3	503·3	June	144·5	1,273	105·6	80·1	296·0	481·7
July	160·8	1,327	103·3	90·3	301·0	494·6	July	141·9	1,377	106·8	79·8	295·1	481·7
Aug.	160·3	1,441	104·2	88·1	295·1	487·4	Aug.	139·4	1,375	95·3	79·2	296·9	471·4
Sept.	159·0	1,424	114·5	88·6	293·0	496·1	Sept.	137·5	1,355	103·7	78·3	293·9	475·9
Oct.	156·3	1,354	102·6	86·8	291·6	481·0	Oct.	136·9	1,404	103·5	78·3	291·6	473·4
Nov.	156·7	1,314	111·4	85·8	290·1	487·3	Nov.	136·9	1,453	99·6	367·0		466·6
Dec.	153·0	1,243	160·7	88·5	296·8	546·0	Dec.	136·5	1,334	107·0	388·2		495·2
1926.							1929.						
Jan.	151·6	1,318	101·3	85·3	286·2	472·8	Jan.	136·1	1,466	96·1	355·7		451·8
Feb.	149·3	1,248	106·2	84·9	284·1	475·2	Feb.	137·3	1,454	93·7	352·3		446·0
Mar.	147·1	1,171	93·6	86·6	295·3	475·5	Mar.	138·1	1,204	94·6	361·8		456·4
April	147·8	1,093	95·6	84·9	294·5	475·0	April	135·0	1,181	94·1	357·3		451·4
May	146·5	1,719	103·0	84·4	300·3	487·7	May	131·5	1,177	91·6	360·1		451·7
June	146·8	1,751	154·7	85·5	294·0	534·2	June	131·7	1,164	103·6	362·7		466·3
July	148·7	1,737	105·5	85·8	293·9	485·2	July	134·6	1,178	98·0	371·8		469·8
Aug.	151·1	1,684	102·1	84·1	290·8	477·0	Aug.	134·5	1,199	94·1	365·4		459·5
Sept.	153·6	1,648	101·2	84·3	287·9	473·4	Sept.	131·9	1,203	93·4	361·1		454·5
Oct.	154·2	1,636	104·8	82·9	287·6	475·3	Oct.	129·6	1,254	96·2	358·8		455·0
Nov.	151·3	1,630	100·8	81·8	284·7	467·3	Nov.	126·9	1,326	96·4	354·6		451·0
Dec.	145·1	1,432	131·3	84·6	296·5	512·4	Dec.	126·9	1,344	106·8	369·8		476·6
1927.							1930.						
Jan.	143·1	1,451	102·8	80·8	280·2	463·8	Jan.	123·7	1,520	103·4	348·0		451·4
Feb.	144·7	1,315	98·5	80·4	281·5	460·4	Feb.	121·0	1,583	86·9	346·8		433·7
Mar.	143·5	1,188	97·5	81·8	288·1	467·4	Mar.	119·4	1,694	90·8	352·3		443·1
April	142·8	1,133	98·6	81·3	294·8	474·7	April	117·2	1,698	102·7	358·8		461·5
May	145·4	1,059	98·4	79·7	293·6	471·7	May	115·8	1,770	94·9	356·1		451·0
June	144·1	1,069	119·0	81·8	298·3	499·1	June						
July	144·1	1,114	103·5	81·8	298·5	483·8	July						
Aug.	145·1	1,130	93·2	81·2	295·9	470·3	Aug.						
Sept.	143·4	1,126	97·5	80·3	294·8	472·6	Sept.						
Oct.	142·5	1,156	90·8	79·6	292·5	462·9	Oct.						
Nov.	143·1	1,210	95·2	80·7	295·8	471·7	Nov.						
Dec.	141·9	1,194	124·0	82·5	299·8	506·3	Dec.						

Sources :—Unemployment ..... L. of N. Bulletin.
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